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Veröffentlichungsversion / Published Version
Zeitschriftenartikel / journal article

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Empfohlene Zitierung / Suggested Citation:

Stoica, C. A. (2012). "Our martyrs of 1989 did not die for this!" Political capitalism in post-communist Romania. *Historical Social Research*, 37(2), 26-52. <https://doi.org/10.12759/hsr.37.2012.2.26-52>

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“Our Martyrs of 1989 Did Not Die for This!”: Political Capitalism in Post-Communist Romania

Cătălin Augustin Stoica *

Abstract: »*“Dafür sind unsere Märtyrer von 1989 nicht gestorben!”: Politischer Kapitalismus im postkommunistischen Rumänien*«. As historical evidence shows, there are multiple roads to such different forms of capitalism as “traditional commercial capitalism” and “political capitalism.” And, following Weber, not all of these forms can trigger the long term stable economic growth associated with Western rational capitalism. Although previous sociological analyses have improved our understanding of post-socialism, they have generated more controversy than theoretical convergence. This is because, I contend, many sociological studies have neglected the political and historical aspects involved in the construction of markets in the former communist bloc. In this paper I discuss the features of political capitalism in post-communist Romania, a case that has been infrequently addressed by mainstream analyses of Central and Eastern Europe. Specifically, I analyze the rise of political capitalism as an effect of Romania’s communist and post-communist political-institutional histories.

Keywords: post-communist transition, markets, politics, Romania.

1. Introduction

The phrase from the title belongs to a fifty year-old high-school teacher who, along with several hundreds of other people, took to the streets of Bucharest in mid-January 2012 to protest against the effects of the austerity measures adopted by the country’s center-right government and against a political class perceived as deeply corrupt. When I asked the protester mentioned previously what he meant by “our martyrs did not die for *this*,” he described to me the alleged sharp contrast between Romania’s current hardships and the ideals of

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I thank Ronald Gebauer and Axel Salheiser for encouraging me to work on this article; Axel Salheiser has provided a necessary feedback on an earlier and fairly incomplete draft. This work was supported by the strategic grant POSDRU/89/1.5/S/62259, Project “Applied social, human, and political sciences. Postdoctoral training and postdoctoral fellowships in social, human and political sciences” co-financed by the European Social Fund within the Sectorial Operational Program Human Resources Development 2007-2013. Usual disclaimers apply.

the Revolution from December 1989, in which he claimed he had participated and lost his best friend. He further discussed how the initial hopes for democracy and economic prosperity of 1989 have been shattered to pieces by former *apparatchiks*, members of the (Ceașescu's former secret police) *Securitate*, and their offspring. Many other protesters I talked to held similar opinions, according to which Romania is a country marred by former communist politicians' survival. In this interpretation, the buoyancy of former communist elites has resulted in a "mock democracy," which is controlled by a bureaucracy that is incompetent, highly politicized, and unaccountable to ordinary citizens, and in an economic system that rewards politically-connected individuals or firms and punishes honest, hard-working entrepreneurs.

The protesters' views were striking for at least two reasons: First, their lay discourses about Romania's current ills contained many elements that could be also found in scholarly approaches to post-communist transition, which analyzed the rise of "political capitalism" in Central and East Europe. Inspired by Weber (1968), some students of market transition defined political capitalism as a system that is affected by the corrupt influences of politics on the economy. Second, although even the more pessimistic scholars deemed "political capitalism" a temporary phase in some of the former communist countries (e.g., Eyal, Szélényi, and Townsley 1998; Ganev 2007, 2009; Róna-Tas 1994), protesters' opinions (as well as the opinion of the majority of Romanians) suggest that "political capitalism" still is alive and well.

In this article, I outline some of the reasons why, as compared to other Central and East European countries, Romania is closer to Weber's ideal-type of "political capitalism" (i.e., an economic order which implies making significant profits under the protection of and/or through unusual deals with political authorities). My argument runs as follows: markets do not arise naturally but they must be politically constructed through elaborated rules and practices (Polanyi 1957). Consequently, the transition to a market economy depends on the successful creation of new (market-supporting) political and cultural institutions, and the suppression of other (non-market) institutional arrangements. The creation of markets in post-socialist countries is likely to be influenced by two sets of factors: 1) *the political institutional histories of the communist regimes*; and 2) *the completeness of the political break with the communist past* (i.e., whether the former communists maintained their positions of power after the first free elections).

This article is structured as follows: In the next section, I briefly review previous sociological studies of market transition and Weber's concept of "political capitalism" relying on his work and on Swedberg's (1998) and Ganev's (2007; 2009) contributions on this topic. In the third section, I discuss Romania communist political institutional history, outlining its possible effects on this country's incomplete political break with the pre-1989 regime. In the fourth part, I address Romania's convoluted political transition and its effects on the

economy and bureaucratic structure. In the final section, I present several tentative conclusions derived from the Romanian case of political capitalism, which has been infrequently addressed in mainstream analyses of Central and Eastern Europe.

2. Theoretical Background

The transition to a market economy has received a great deal of scholarly attention. In mainstream American sociology, the outcomes of marketization have generated a lively debate triggered by Victor Nee's 1989 influential article "A Theory of Market Transition." Relying on survey data from the rural part of Fujian province in China, Nee's (1989) analyses indicated that the introduction of market mechanisms eroded the advantages and power of local Communist Party officials (or "cadres"). According to Nee (1989), those who will benefit from marketization are the agriculturally self-employed and other small entrepreneurs. Notably, Nee did not attempt to predict what individuals are likely to enter the small private sector. Instead, he focused on the consequences – in terms of income inequality – of entering the private sector for cadres, former cadres, and non-cadres (ordinary individuals).

Nee's (1989) study has been met with criticism by various scholars. Some students of China (e.g., Bian and Logan 1996; Lin 1995; Oberschall 1996; Walder 1992, 1996, 2000a, 2000b; Wank 1999a; 1999b) have claimed that instead of eroding the cadres' power, the introduction of market mechanisms has increased it. Scholars working within Eastern Europe have also challenged Nee's (1989; 1991) conclusions. Such scholars have provided empirical evidence which indicated that in Hungary (Hankiss 1990; Róna-Tas 1994; Stark 1990, 1992, 1996), Poland (Staniszkis 1991), and Russia (Hanley, Yershova, and Anderson 1996; Eyal et al. 1998), the former communist politicians are among the winners of transition. As mentioned previously, the controversy between the Nee and other scholars culminated in the so-called "market transition debate," hosted by the *American Journal of Sociology* in 1996 (see Nee 1996; Szelényi and Kostello 1996; Oberschall 1996; Walder 1996; Fligstein 1996a; Stark 1996).¹

Some of the studies mentioned previously have several shortcomings. First, the market transition debate has lacked a unified theoretical framework to allow for meaningful comparisons between China – a nominally communist

¹ A subsequent debate was hosted by the same *American Journal of Sociology* in 2001. Although Nee's contributions were also acknowledged, this time around the debate was triggered by the publication of Eyal et al.'s (1998) book *Making Capitalism without Capitalists: Class Formation and Elite Struggles in Post-Communist Central Europe*; Michael Burawoy, Jozsef Böröcz, David Stark, Laszlo Bruszt, Michael Kennedy, Gil Eyal, Ivan Szelényi, and Eleanor Townsley were among the contributors to the 2001 debate.

country – and Eastern Europe, where the Communist Parties lost their monopoly of power. Second, by relying exclusively on very broad concepts such as “plan” and “market,” some market transition scholars have ignored more specific institutional conditions of marketization and democratization (Walder 2002a). Third and in connection to the previous point, with a few notable exceptions (Eyal et al. 1998; Walder 2003), studies conducted within the framework of Nee’s “market transition theory” (1989) have little to say about the political and institutional conditions that might explain why former communist elites have had higher survival rates in some countries (i.e., Bulgaria or Romania) as compared to others (i.e., Hungary, Poland or the Czech Republic). Fourth, when discussing post-communist trajectories such as merchant capitalism and political capitalism, some scholars have employed these types in a manner that is somewhat inconsistent with their classical formulation. As Ganev (2009) rightfully stresses, shifting back to the original meaning of “political capitalism” can shed further light on the intricacies of post-communism and enrich our understanding of a wide range of empirical evidence.

Since “political capitalism” is at the core of my analysis, I begin by discussing its uses in studies of post-communism and Weber’s work. My discussion draws on Weber’s classical contribution as well as on Swedberg’s (1998) and Ganev’s (2009) excellent insights on these matters. As mentioned previously, some scholars have doubted that the downfall of state socialism would lead to a Western-style, rational capitalism. Staniszkis (1991) considered that the post-communist transition would result in political capitalism: an economic and political order in which ex-communist officials would control and privatize public resources for their private benefits. For instance, in the late 1980s, members of the elite used their personal contacts and information acquired from jobs in the state bureaucracy for brokerage activities, especially in the export activities of state enterprises (Staniszkis 1991, 129). Along similar lines, Hankiss (1990) and Stark (1990) claimed that members of the administrative elite, foreseeing the collapse of state socialism, started converting their positional power into economic might. A widespread form of converting one’s positional power into economic advantages was subcontracting to small private firms in which managers of state enterprises had a personal interest (Verdery 1996, 211; on this point, see also Stark’s [1996] “recombinant property” type and strategies). Once the privatization started, the magnitude of this capitalization on positional resources only increased: “the privatization of state enterprises created the opportunity for privileged elites with information and network advantages to convert limited *de facto* use and income rights into more *de jure* inalienable rights” (Feige 1997, 29). The character and outcome of these processes were suggestively labeled in Poland as “making owners of the nomenklatura” (Staniszkis 1991, 129). Other terms employed in reference to the same phenomenon are “entrepratchiks” (from “entrepreneurs” and “apparatchiks”, Verdery 1996, 33), “kleptocracy” or “capitalism with a comrade’s face”

(Frydman, Murphy, and Rapaczynski 1998). The imagery used in the studies mentioned previously fits the category of “path dependency” approaches to the study of social change.

Eyal et al. (1998) claim that, in the Czech Republic, Hungary, and Poland, the principal agents of change and the possible winners of post-socialist transition are the “holders of cultural capital” (i.e., former anticommunist dissidents, humanistic intellectuals, and especially managers and technocrats) – a view summarized as the post-socialist managerialism thesis. Eyal et al (1998) admit that their thesis might not hold true in countries such as Romania, Bulgaria or Russia, which come closer to the type of “political capitalism.” Unlike “path dependency” theorists of post-communism (Hankiss 1990; Staniszkis 1991; Stark 1990; 1992; 1996), Eyal et al. (1998) draw explicitly on Weber’s classical formulation of political capitalism. Specifically, Eyal et al (1998, 172) deem political capitalism an economic system which is oriented towards profits just like rational capitalism; the difference between the two systems is the interference of state and politics in economies of political capitalism (on this point, see also Ganey 2009).

Both path dependency and post-socialist managerialism theories share several ideas. A first common element in both explanations is an individual’s “political capital,” which represents a particular form of social capital or network resources institutionalized through the practices of the Communist Party (ibid., 22). In quantitative-oriented analyses of market transition, “political capital” is measured by variables such as “[Communist Party] cadre” and “former cadre.” Yet, empirical evidence shows that network ties among businesspersons, politicians, and state bureaucrats are also widespread in developed capitalist economies (see Powell and Smith-Doerr 1994; Granovetter 2002). In the Western world, such networks do not necessarily hinder economic activities and in some cases, ties between business firms and politics are responsible for high rates of economic growth and prosperity (Evans 1995).

The state’s tutelage of and political interference in the economy is the second common element found in depictions of East European political capitalism. But state bureaucracies, political actors, and entrepreneurs interfere even in developed countries. State intervention is crucial to overcome economic backwardness (Gerschenkron 1962); states are indispensable to the functioning of modern capitalist economies by enforcing rules and regulation for economic interaction (Fligstein 1996b). Furthermore, state intervention in the economy is taken-for-granted in countries with polity forms that emphasize statism as source of sovereignty (Jepperson 2002). For instance, in France a strong central government was deemed essential for the nation’s integrity. As a result, the French industrial policy has been profoundly shaped by ideas of national interest and expert state bureaucrats (on this point, see Dobbin’s analyses [1994; 2001] on the development of the railway systems in France, England, and the United States in the nineteenth century). More important, in some cases the

state's tutelage of the economy is associated with high rates growth. This is especially the case of "developmental states," which are characterized by an "embedded autonomy," i.e., a combination of "Weberian bureaucratic insulation with intense connection to the surrounding social structure" (Evans 1995, 50). For Evans (1995), prototypes of "developmental states" are South Korea and Taiwan.

Along with Swedberg (1998) and Ganev (2007; 2009), I contend that there is more to Weber's notion of "political capitalism" than met the eyes of some scholars of post-communism. For Weber, rational capitalism and political capitalism are opposite types. In Weber's view, the key features of rational capitalism are profit-making through fixed capital and free labor, trade and speculation in free markets, rational calculation, capitalist production and reinvestment strategies (Weber 1968, 164-6). In contrast, political capitalism represents an orientation to "opportunities for predatory profit from political organizations or persons connected with politics, including the financing of wars or revolutions and the financing of party leaders by loans and supplies" (ibid., 164). Political capitalism also involves profit-making "by virtue of domination by force or of a position of power guaranteed by the political authority" – like in the case of colonial exploitation – and profit-making "in unusual transactions with political bodies" (ibid., 165).²

As Swedberg (1998) stresses, these modes of economic organization should be discussed in relation to Weber's types of domination. For instance, charismatic domination "is initially hostile to all forms of systematic economic activity (...)" but it subsequently introduces a "new kind of economic traditionalism, usually some form of patrimonialism and feudalism" (Swedberg 1998, 65). Traditional domination is unlikely to nurture the development of rational capitalism "due to its arbitrary element (patrimonialism)." Instead, traditional domination and patrimonialism in particular are conducive to traditional commercial activities and political capitalism (ibid., 69). Legal or bureaucratic domination is crucial to rational capitalism "through its predictability (rule of law), which is hostile to political capitalism" (ibid.).

With a few notable exceptions (Ganev 2007; 2009; Verdery 1999; 2003), the link between a state's bureaucratic structures and the mode of economic organization has been largely ignored by scholars who have addressed the rise of political capitalism in post-communist Eastern Europe. It is true that in countries like Romania or Bulgaria, political capitalism is related to the high survival rate of ex-communist elites. Furthermore, post-communist political capitalism does rely on old-boys' networks or on individuals' political capital.

² In Swedberg's interpretation of Weber, one could speak of three types of capitalism: rational capitalism, political capitalism, and traditional commercial capitalism, which existed far back in history in the form unsystematic commercial activities and money exchange (Swedberg 1998, 86)

Yet, the survival rates of former communist elites or the existence of such network ties *alone* could not have led to the emergence of political capitalism.

A key element in this story of post-communist capitalism is represented by the features of state bureaucracies. For instance, Wank (1999b) suggests that what makes the difference between China and some East European countries is their bureaucratic integrity. The higher bureaucratic integrity of the Chinese state during market transition has left relatively intact the patron-client relationships (ibid., 270). This fact has also implied that “popular norms and hierarchical authority were better able to operate as enforcement mechanisms between state agents and commercial operators” (ibid.). Against this backdrop, hierarchical structures of authority in the Chinese state, local governments, and party system are more effective in exerting control over “officials who transgress the limits of community-based perceptions of legitimate amount of payoffs” (ibid., 271). Furthermore, to paraphrase Wank, Eastern European countries have been more successful in *dismantling* control rather than *decentralizing* it, as in the Chinese case.

While properly functioning control mechanisms are important, the crucial factor for Eastern European countries might be the existence (or lack thereof) of an independent, coherent, and rule-based bureaucracy, which, according to Weber (1968), is intimately associated with rational capitalism. As Ganey (2009) rightfully stresses via Weber, political capitalism emerges when various profit-seekers and politically connected entrepreneurs gain “unlimited and uncontrollable command over the state.” (Weber 1994, 104) Against this backdrop, post-communist political capitalism is closely related to the “de-bureaucratization of the state” (Ganey 2009, 657). This phenomenon can lead to the formation of a predatory state bureaucracy, which, according to Evans (1995) is characterized by a lack of control from the part of civil society. A predatory bureaucracy “embodies the neo-utilitarian nightmare of a state in which all incumbents are out for themselves,” and rent-seeking prevails (ibid., 45-6).

Clarifying the notion of “political capitalism” is but a first step in the attempt to account for its rise in some ex-communist countries. To understand the emergence of post-communist political capitalism one needs to take into account larger institutional factors and mechanisms. In his 2003 article on elite opportunity in transitional economies, Walder formulated a unified theoretical framework that allows for meaningful comparisons among extremely different countries such as China, Vietnam, Hungary, Russia, the Czech Republic, and Kazakhstan. As mentioned previously, the 1996 “market transition debate” lacked such a larger theoretical framework and it ignored the political dimensions of market construction. According to Walder (2003), the opportunities and constraints faced by elites in changing political and economic circumstances are influenced by two factors: 1) “*the extensiveness of regime change*,” which is defined as “the degree to which, prior to or simultaneous with the

market onset, Communist Party hierarchies lose their political monopoly and must compete with other organized entities for political power” (Walder 2003, 901); 2) “*barriers to appropriation of public assets for private benefits*,” i.e., the extent to which policy and regulatory environment “allow incumbent elites [to keep] managerial control of public assets as they are privatized, or convert them into personal ownership” (ibid., 902).

Walder’s (2003) theoretical framework allows us to classify various transitional economies by taking into account *both* a country’s communist elite turnover (high or low) *and* the constraints (high or low) to stealing state assets. From this standpoint, the Czech Republic, Hungary, and Poland are countries with extensive regime change *and* high barriers to asset appropriation. In contrast, Uzbekistan and Kazakhstan are countries with a low degree of regime change and low constraints on the misuse of public property. Romania and Bulgaria are intermediate types in that they experienced a low to medium elite turnover but they also have few barriers to misappropriation of public assets.

In the next sections, I take Walder’s (2003) argument a step further and seek to uncover the effects of *communist* and *post-communist political histories* on the extent of regime change and the rise of political capitalism in an infrequently discussed transitional economy (i.e., Romania). I contend that both elite turnover and the type of post-communist capitalism are influenced by two sets of factors: 1) the history of political and economic reforms *during communism*; and 2) the completeness of the break with the socialist past (i.e., whether the former communists stayed in power after the first free elections). Specifically, post-communist political capitalism is likely to emerge in countries that, prior to 1989, had no significant opposition, did not attempt to reform their communist regimes, and where former communists won the first free elections post-1989.

3. Communist Political and Institutional Histories

As I previously argued, pre-1989 institutional conditions and histories have influenced elite circulation patterns and transition’s economic outcomes (or regimes). Subsequently, I briefly discuss Romania’s communist political and economic history and I highlight its specific features.

On August 23, 1944, near the end of the Second World War, Romania – until then allied with Hitler – switched allegiance and a pro-Allied government took power. At that time, Romanian communists were a minuscule, negligible political force:

there were only 80 [CP] members in Bucharest, and fewer than 1,000 throughout the country, including those in prisons and concentration camps (...) Proportionally, the Romanian Communist Party was thus the *smallest Communist Party* in Eastern Europe. In absolute terms, it equaled the membership of the Albanian Communist Party. (Tismăneanu 2003, 279, note 37)

Yet, with Soviet pressure, Romanian communists were given a central role in the new government.

With the further help of the Soviets, through intimidation, manipulation, and outright falsification, the communist alliance “won” the general elections from 1946. Two years later, King Michael of Romania was forced to abdicate and went into exile. What followed afterwards is an example of mimetic (as well as coercive) institutional change. Like their comrades in the region, the Romanian communists adopted the institutional blueprints provided by Stalin’s Soviet Union. In the first period of mimetic institutional changes, the new regime targeted *a rapid development via mobilization of all available resources* (Jowitt 1971; 1992), with a strong emphasis on industrialization.

The early years of copycat Stalinism also implied the nationalization of the large financial and production sectors, followed by the nationalization of middle and small size enterprises, of housing stock, and the collectivization of agriculture. Along with nationalizing policies, the abolition of the multi-party system, the imprisonment of a large number of the pre-World War II intellectual and political elites, and the beginning of a rapid industrialization, the history of Romania was also revised to show, for instance, the alleged positive role that Russia had always played in Romania’s past. This era of copycat Stalinism would partially come to an end with Stalin’s death. Fearful that he would be replaced with one of Khrushchev’s favorites, Gheorghiu-Dej refused to follow the de-Stalinization path preached by Moscow and started to mobilize various resources to impose an allegedly Romanian road to socialism (Ely and Stoica 2004). He began to show signs of dissidence from Moscow by cultivating relations with Western countries and with communist leaders deemed heretics by Moscow (see Tismăneanu 1992; 2003). Furthermore, Gheorghiu-Dej explicitly criticized and rejected the policies of the *Council for Mutual Economic Assistance* (CMEA/COMECON), which called for economic specialization within the communist bloc. Internally, Dej sought to gain popular support to resist de-Stalinization and he did so by reviving Romanians’ anti-Russian sentiments.

This national policy line was taken to new heights by Nicolae Ceaușescu – the person who succeeded Dej after his death in 1965. Ceaușescu moved away from the more purely coercive, “iron fist” of Stalinism, to a subtler mode of domination through the manipulation of national symbols (Ely and Stoica 2004, 99). For instance, he continued Dej’s moves towards independence from Moscow and he started to decry publicly the annexation of Romanian territories by the Soviet Union in the 1940s. This independent stance culminated in the summer of 1968 with Ceaușescu’s refusal to join, and his criticism of, the Warsaw Pact’s invasion of Czechoslovakia.

The effects of Ceaușescu’s position should not be underestimated. On the one hand, it portrayed him as an independent leader in the eyes of the West. In some neighboring socialist countries, Ceaușescu became a hero and his

autonomous foreign policies made the Soviets extremely nervous. On the other hand, by playing on Romanians' anti-Russian sentiments, Ceaușescu managed to gain an unprecedented support for his communist regime. This partly explains why Romania, in contrast to Poland and Hungary in the 1980s, had no significant oppositional movements. Beginning in August 1968, any criticism of Ceaușescu would be treated as a sign of support for the Soviet Union (Câmpeanu in Linz and Stepan 1996, 348).

Politically, during 1965-1971, the Party opened itself up and started to accept among its ranks even former political prisoners and individuals with a bourgeois background (Stoica 2005; 2006). Universalism or meritocracy was strongly emphasized in policies of recruitment into and promotion within the Communist Party. The regime also made unprecedented attempts to restore and abide by legal principles (the so-called "socialist legality") – an important change as compared to the era of Stalinist justice and show-trials. These "Golden Years" also meant a lessening of the top-down control of cultural production. In the 1960s and 1970s a similar ideological relaxation led Poles and Hungarians to push for further reforms and challenge their communist leaders. This did not happen with Romanians because, as I said before, after the 1968 events in the former Czechoslovakia, challenges to Ceaușescu's rule were deemed unpatriotic and pro-Moscow.

While at the end of World War II the private sector provided 90% of all services (Brezinski and Petresen 1990, 73), nationalizing policies rendered this sector insignificant by 1960. Economic distortions, however, prompted the Romanian leadership to liberalize its policies towards the second economy. As a result, in the late 1960s, individuals were allowed to lease from the state such economic units as restaurants and small stores; "private craftsmen were allowed to have apprentices again and small businesses were able to hire up to 3 employees." (ibid., 74)

Unfortunately, the Golden Years came to an end in 1971 when, while visiting China and North Korea, Ceaușescu became enamored with Mao's and Kim Il Sung's models of communism and their near-total control over society. Thus, by 1974, Ceaușescu gained full control over the party by outmaneuvering and defeating his predecessor's barons who, ironically, promoted him as a leader back in 1964. International economic changes and turmoil were calling for a shift in economic policies from extensive to intensive industrialization. Ceaușescu, however, decided to continue with extensive industrialization. He not only froze the relative liberalization but also revived the Stalinist model, characterized by a hyper-centralization of the economy and hyper-politization of decision-making processes. The timid economic reforms from the late 1960s were reversed and activities in the small private sector (or the second economy) were nearly banned.

Despite severe economic problems and declining industrial output, as a sign of his and Romania's power, Ceaușescu decided to pay Romania's foreign

debt. His unrealistic policies took a heavy toll on Romanians' quality of life; shortages in basic products became so severe that Ceaușescu decided to ration many of them. Despite these rationing measures, most Romanians still struggled to secure such items as bread, milk, meat, cooking oil, sugar, soap, toilet paper, and medicines. Like in other socialist economies, underground or black market activities became essential for the functioning and survival of Romania and its citizens.

While most Romanians were barely able to survive, in the Party's discourse Romania was experiencing one of the happiest periods in its entire history (Ely and Stoica 2004). Besides having near-total control over the economy, Ceaușescu also attempted to regulate almost every aspect of one's private life: from establishing one's residence, continuing with taking control over women's bodies via pronatalist policies (Kligman 1998), and ending by "expropriating Romanians of much of their control over time" – a practice that Katherine Verdery (1996, 40) suggestively calls "etatization of (personal) time."

In the late 1980s, when Polish and Hungarian communists were recognizing the legitimacy of the multi-party system, Ceaușescu's grip of power looked firm. Surrounded by close family and sycophants, he was "behaving like an absolutist monarch, humiliating party bureaucrats (his vassals) and treating citizens like his property" (Tismăneanu in Linz and Stepan 1996, 351).³ The *familism* and *personalism* he promoted at the top of the hierarchy prompted some commentators to call his regime "socialism in one family" (Tismăneanu 2003) or simply *Ceaușescuism* (Gilberg 1990). His more or less explicit attempts to name his youngest son his successor were labeled "dynastic socialism" (Georgescu 1992; Tismăneanu 1992). Linz and Stepan aptly describe Ceaușescu's rule in the 1980s as *sultanism-cum-totalitarianism*. Inspired by Weber's ideal-type, *sultanism* in this context emphasizes

the fusion between private and public, [a] strong tendency toward familial power and dynastic succession, (...) no distinction between a state career and personal service to the ruler, (...) lack of rule a rationalized impersonal ideology, economic success depends on a personal relationship to the ruler, and, most of all, the ruler acts only according to his own discretion, with no larger, impersonal goals (Linz and Stepan 1996, 52).

Furthermore, at a time when other East European countries were experimenting with economic reforms, Ceaușescu was adamantly rejecting them. Thus, in 1989, Ceaușescu's fief was a country with huge inefficient plants, megalomaniac projects, and a population literally struggling to survive. As compared to Bulgaria, the Czech Republic, Hungary, and Poland, Romania was severely

³ Tismăneanu is by far the most authoritative voice on Romanian communism. Readers interested in this topic should consult his superb study *Stalinism for All Seasons: A Political History of Romanian Communism* (2003).

handicapped on many economic dimensions. It had the lowest degree of urbanization, the lowest GNP per capita, and the highest values for repressed inflation and black market exchange rate. Most important, Romania had the least reformist *economic* history as captured by World Bank's Index of Liberalization. In 1989, the Index of Liberalization was 0.34 in Hungary, 0.24 in Poland, 0.16 in the Czech Republic, 0.13 in Bulgaria, and 0 in Romania (de Melo et al 1996). Admittedly, Romania's economy had some seeds for subsequent growth, as reflected in its low trade dependency on the former Soviet bloc and its moderate natural resources. Yet, as I discuss in what follows, these seeds did not get a chance to grow during Romania's convoluted political transition.

4. The Incomplete Rupture with the Communist Past

What happened in December 1989 still is a controversial issue in Romania's recent history.⁴ Some analysts call it a *coup d'état*, while others see it as a revolution that was subsequently hijacked by second-tier communists. The regime became unhappy on December 15, when people in the Western town of Timișoara rallied around an outspoken Hungarian priest who was about to be exiled by the *Securitate* (i.e., the Romanian Secret Police). The Army was called in and forty people were killed in the following melee. Ceaușescu left on a pre-planned trip to Iran and upon his return on December 21 he organized a televised rally in Bucharest's Palace Square to show the Romanian people that he's still in control. Yet, people at the rally yelled "Timișoara! Timișoara!" and booed a Ceaușescu paralyzed by fear and confusion.

In the night between December 21 and December 22, protesters occupied parts of downtown Bucharest and resisted the assault of the *Securitate*'s and the Army's forces. On the morning of December 22, Ceaușescu and his wife fled Bucharest by helicopter. Protesters occupied the Communist Party's headquarters and the State Television. In these locations, several groups fought for power. One of these groups, which eventually became known as the National Salvation Front (NSF), won the support of the revolutionaries who had taken over the television station. This group was led by Ion Iliescu – a former high-ranking member of the Romanian Communist Party who, in the 1970s, had criticized Ceaușescu for his growing extremism. On December 22, the NSF began broadcasting that they had taken over as the new governing body, and

⁴ The 1989 events in Romania have been the topic of many scholarly and journalistic works. Readers interested in these events can consult Almond (1992), Gilberg (1990), Hall's excellent study (1999), Kligman and Verdery (1992). For an analysis of the Ceaușescus' trial and its collective representation ten years later, see Ely and Stoica (2004). In these pages, the brief treatment of the December 1989 events draws on a previous co-authored work on this topic (Ely and Stoica 2004).

that citizens should be aware of dangerous factions of *Securitate* – “fanatical terrorists” as they called them – who still supported Ceaușescu. Eventually, Ceaușescu and his wife were captured, summarily tried, and executed on December 25.

The new government passed a series of much awaited laws guaranteeing the freedom of the press, and the freedom to associate and form political organizations. Other popular measures concerned the right to hold a passport and travel abroad, and the legalization of abortion. The NSF announced it would organize free elections but it would not transform itself into a political party and would not run in the upcoming elections. Yet, the NSF subsequently decided to run in the first free elections as a political party; its decision was widely challenged by newly established political parties and civic associations.

Holding the majority in the Provisional Council for National Unity (CPUN in Romanian) and controlling the most important media in the country (i.e., the state television and radio), Iliescu won the presidential elections from May 1990 by an overwhelming majority, i.e., 85% of the votes. His party, the NSF, won 66% of the seats in the new Parliament, which had the tasks of elaborating a new constitution and organizing general elections in 1992. As downtown Bucharest was still occupied by anti-NSF protesters, on June 13, Iliescu asked the coal miners from Jiu Valley to come to the capital city and defend Romania’s fragile democracy. Vigilante miners, joined by Bucharest workers, brutally beat the students and other anti-NSF protesters, and destroyed the headquarters of main oppositional parties and civic associations.

Only in Bulgaria and Romania did the second-tier communists win the first electoral competition. Yet, in Romania, this electoral outcome is intriguing if one takes into account the totalitarian nature and violent end of Ceaușescu’s regime. A possible explanation for this fact lies with Romania’s communist institutional history:

[In the absence of any coherent, organized, and significant oppositional movements], it was exactly the sultanistic component of Nicolae Ceaușescu’s regime that enabled Iliescu to present Ceaușescu as the embodiment of the system and to imply that he, Iliescu, had changed the political and economic system by decapitating the hydra-headed monster. (Linz and Stepan 1996, 368; emphasis mine)

After the May 1990 elections, the new government attempted to implement further political and economic reforms. The private sector was given legal recognition and small businesses began to flourish. As a prelude to a subsequent land reform, peasants were given plots of land for private use, and the collective farms began to dismantle. Yet, in 1990, while talking to Romanian peasants about the demise of collective farms and the return to private farming, anthropologist David Kideckel found that some peasants were not enthusiastic about such prospects. They were also reluctant to join the newly established private agricultural businesses (i.e., voluntary partnerships). Instead, some

peasants were quite fond of the collective farms run by the state. Aside from their technological superiority, the state farms seemed attractive because, as one peasant put it to Kideckel, “It is better to be exploited by the state than by other persons.” (in Verdery 1996, 219; for analogous reactions among Bulgarian peasants, see Creed 1999).

Similarly cautious attitudes towards privatization were widely shared by industrial workers. In 1991, after the introduction of a few radical economic measures, coal miners from Jiu Valley came again to Bucharest and overthrew the Prime Minister and the Government, with the tacit agreement of President Iliescu. He appointed a new Prime Minister and a government of technocrats; their main tasks were to govern and prepare the country for the upcoming elections in 1992. The new government also reversed the radical economic measures of its predecessor.

In 1992, Iliescu was reelected President of Romania. While his Romanian Party of Social Democracy (PDSR) gained the largest number of seats in the Parliament, it did not have the required majority to form a new government. To achieve the majority and form the government, PDSR forged an alliance with two nationalist-extremist parties and governed Romania until 1996. During all this time, the second-tier communists’ approach to market reforms was hesitant at best, fitting the “partial reform” model.

In 1996, Iliescu lost the Presidency and his political party was also defeated in the parliamentary elections. Emil Constantinescu, the former Rector of the University of Bucharest, was elected President and his political coalition (the Democratic Convention or CDR) won the majority of seats in the Parliament. Yet, due to fratricidal struggles, the CDR did not manage to implement much needed comprehensive reforms. The reformed communists used their political influence and economic power and – against the background of popular dissatisfaction with Constantinescu and the CDR – they came back to power after the 2000 elections. Ion Iliescu became for the third time President of Romania.

This time around, the former second-tier communists (under the umbrella of the Social Democratic Party or PSD) seemed more committed to market reforms and have made the integration of Romania into the European Union a priority on their agenda. However, as I will discuss in the next section, the reformed communists’ post-1990 long reign has nurtured the rise of political capitalism.⁵

⁵ For instance, in 1999 the GDP per capita (calculated on the basis of purchasing power parity) was US\$ 11,501 in Hungary, US\$ 8,991 in Poland, and US\$ 5,441 in Romania (INSE 2004). Excluding the agriculturally self-employed, in 2000 the percentage of employers and self-employed individuals was around 14% in Hungary and Poland (own calculations using HCSO 2003, 91; CSO 2002, 136) and less than 12% in Romania (INS 2004, 94, 100). In 2000, the private sector share of the GDP was around 80% in both Poland and Hungary, and only 60% in Romania (World Bank 2002).

5. Romania's Post-Communist Political Capitalism

Taking into account Romania's trials and tribulations under Ceaușescu, the high survival rate of former communists in this country seems miraculous. Yet, as I argued previously, former communists' "afterlife" is unsurprising given the weakness (or, rather, the absence) of the anti-communist opposition in this country as well as Ceaușescu's sultanistic manner of rule. Readers might recall that, according to Linz and Stepan (1996), paradoxically, it was exactly this concentration of power in the hands of Ceaușescu and his wife that allowed lower level echelons of power to escape public rage and to flourish subsequently. Put another way, once Ceaușescu and his wife were executed, most Romanians thought their troubles were over and their Revolution successful. In this section, I discuss the effects of the incomplete rupture with the communist past on Romania's transition.

As I argued previously, the survival of former communist elites during transition has been influenced by a country's recent history of opposition to communism and by policy regulations that limited the ex-nomenklatura's access to command positions after 1990. A case in point is represented by the Czech lustration law. This law was adopted in 1991 and it excluded former Party officials, officers and informers of the communist secret police from a variety of public offices (Eyal et al. 1998, 128-31). In Romania, the lustration law was adopted in February, 2012. The fact that it was passed more than twenty years after the collapse of communism seriously made many people seriously question its applicability. Yet, at the end of March 2012, the lustration law was ruled unconstitutional by the Romanian Constitutional Court, because it restricts some citizens' access to public office.

Turning to the circulation of former communist elites, Eyal et al. (1998) show that in the Czech Republic, Hungary, and Poland only 39.3% of those who held elite positions in 1988 were still in elite positions in 1993. In contrast, in Romania, 74.2% of those who were in nomenklatura positions in 1989 were members of the first post-communist provisional government in Romania (Grosescu 2008, 328). The second post-communist government (1990-1991) included 57.1% former nomenklatura members, while the third and the fourth post-communist governments (1991-1996) had 47% and 44% of former nomenklatura members among their ranks (*ibid.*). Former nomenklatura members radically diminished their presence in the governments led by anti-communist forces between 1996 and 2000. During that time, only 8.1% of former nomenklatura members were members of the 1996-2000 governments. When the Romanian former communists came back to power in 2000, the presence of former nomenklatura members in the government jumped to 18.5% (*ibid.*). Put another way, in 2004 – fourteen years after the collapse of communism – approximately one out of five government officials were former nomenklatura members.

A survey conducted on 177 (or 51%) members of the Romanian Parliament (MPs) in 2003 found that 86% of them had been members of the Romanian Communist Party (RCP) prior to 1989. One-fifth of the MPs previously affiliated with the RCP held leadership positions in its hierarchy (Ștefan 2004, 122). Yet, as the principal investigator in this study stresses, “this figure underestimates the reality, as politicians are still reluctant to declare their active involvement in communist politics” (ibid.).

Employing nationwide samples of the adult Romanian population from 2000, I have shown that, as compared to ordinary individuals, former “cadres” have higher chances of running businesses with at least 3 employees (Stoica 2004). This finding seems to confirm Eyal et al.’s (1998) speculations according to which the “political capitalism” thesis would cut more ice in Romania than in Hungary, Poland or the Czech Republic.

Speaking of the newly-rich, according to the Romanian business weekly “Capital,” in 2003, the late I.C. Drăgan was the wealthiest Romanian, with 850 million US dollars (Capital 2003, 34). Drăgan was an émigré living in Italy who allegedly conducted business with Ceaușescu and his regime. The fourth place on Capital’s list of the wealthiest Romanians was occupied by Sorin Ovidiu Vântu, with 460 million US dollars. Vântu is a businessman who made his fortune in the 1990s through elaborated financial scams that involved many government officials. His shady businesses nearly bankrupted the largest state-owned savings bank, CEC. With 260 million US dollars, Dan Voiculescu was the eighth wealthiest Romanian in 2003. Before 1990, Dan Voiculescu was the director of a foreign trade company allegedly run by Ceaușescu’s secret police (Gabanyi 2004). In November 2003, the average monthly salary in Romania was 150 US dollars (National Institute for Economic Statistics [INSE] 2004).

In 2003, the list of the wealthiest 50 people in Central and Eastern Europe included five Romanians, thirty Russians, and six Ukrainians. In contrast, Poland had four multimillionaires on this list and the Czech Republic only one. Hungary’s richest person did not make it on the list because he was worth less than 300 million US dollars (Capital 2003, 215). Put another way, in 2003, some of the least reformed countries of the former communist bloc (i.e., Russia, Ukraine, and Romania) provided most of the region’s billionaires.

According to Fish (1998) – from a list that includes numerous economic, political, social, and cultural variables – the best predictor of adopting economic reforms is the outcome of the first post-communist competitive elections. Countries where the former communists won the first free elections were less likely to adopt comprehensive economic reforms. Indeed, in Romania, the former communists – who won two consecutive elections post-1990 – were not too enthusiastic about destroying the old economic order. The second-tier communists’ approach to political and economic reform was hesitant, fitting the “partial reform” paradigm (Frye 2002; World Bank 2002). That is, the former communists favored a gradualist approach to reform. For instance, in

2001, when the private property was an unquestionable principle in other Central and East European countries, Ion Iliescu – the ex-apparatchik who was the President of Romania for eleven years after Ceaușescu’s demise – said that “it’s just a *fad*, this business about the sacred private property as the basis of social life.” (Iliescu in Verdery 2003, 77; emphasis mine)

More important, the ex-communists’ partial economic reforms were implemented with little discipline (i.e., few if no hard budget constraints were put in place) and without public scrutiny (Dăianu 2004). Their preferred method of privatization was the so-called “managers and employees’ buy-outs” method (MEBO), which gave considerable advantages to regime’s insiders and managers. This has allowed the deposed regime’s insiders to gain the *facto* control over important economic resources (Gabanyi 2004); once in control, such insiders have blocked further reforms which would have deprived them of their advantages or rental havens.

Here one should consider the effects of the regime-type on economy. For example, the World Bank’s Report (2002) distinguishes among (1) transitional “competitive democracies” (Hungary, Poland, the Czech Republic, which are similar to Western democracies), (2) “noncompetitive regimes” (i.e., countries like Belarus, Kazakhstan, Uzbekistan, with significant barriers to political participation), and (3) “concentrated political regimes” like Romania, which, despite their multiparty system and free-elections, still are deficient in regard to civil and political rights, and participation.

These regimes are associated with different levels of economic growth in the following way: Competitive democracies, such as Poland or Hungary, exhibit higher growth rates, despite variations in privatization strategies and the sequencing of their reforms. “Noncompetitive regimes,” on the other hand, “have made little progress in all areas of economic reform.” (World Bank 2002, 105) Romania, which throughout the 1990s was a concentrated political regime, had mixed results: “it has made some progress regarding liberalization and privatization but it still lacks adequate institutional means to sustain growth.” (ibid., 105)

Equally important is the extent to which a regime-type provides opportunities for rent seeking and state capture. Competitive democracies limit to a significant extent the frequency of rent seeking, whereas “noncompetitive regimes nurture arbitrage and rent seeking” (ibid., 109). Romania’s concentrated political democracy presented regime insiders with numerous opportunities to siphon off state resources and use them in their private businesses. State capture (i.e., attempts by private enterprises to influence legislation and law enforcement through political protection or payments made to public officials) is less of a problem in competitive transitional regimes such as Hungary and Poland. By the end of the 1990s, state capture in concentrated regimes (i.e., Romania) was, on average, twice as higher as in competitive regimes (ibid., 106).

Thus, the first fourteen years after the collapse of Ceaușescu's regime paved the way for the emergence of political capitalism. These years can be labeled as a period of power seeking wealth, when ex-communist political elites attempted (and many of them succeeded) to convert their former positions of power into economic might. The key resource for this conversion was an individual's "(communist) political capital," institutionalized through social networks formed under the auspices of the Communist Party. For instance, in a comparative study of informal networks in the Czech Republic, Slovenia, Bulgaria, and Romania, Grødeland (2007, 230) found that, in post-communist Romania, political contacts were most common and necessary in business. Furthermore, only in post-1990 Romania, communist-era social ties were crucial for both business and politics (ibid., 249). Relying on such network ties, politically-connected individuals or the so-called "smart guys" ("băieții deștepți" in Romanian) were able to gain access to financial resources (i.e., loans from banks) and/or to privileged information about impending privatizations.⁶ These social networks also helped some former communist officials to obtain licenses to operate in profitable sectors, which were usually controlled by the state.

Valuable political connections and an environment with no policy restrictions allowed former Romanian communist elites and newly elected officials to engineer and implement ingenious strategies to privatize unofficially state resources. As mentioned earlier, an example of unofficial privatization was subcontracting to small private firms in which managers of state enterprises had a personal interest (Verdery 1996). This strategy was somewhat similar to the reorganization of property rights through networks of firms in post-socialist Hungary (Stark 1996). This reorganization implied a network that had at its core a state-owned firm and several private firms as its satellites; these satellite firms were controlled or owned (directly or indirectly) by managers of the state-owned firm. This type of "recombinant property" (Stark 1996) also relied on specific accounting procedures: profits went to satellite firms while all liabilities were transferred to the state-owned firm.⁷ In Romania, such private satellite firms are known as "tick firms" ("firme căpușă" in Romanian); in this analogy, just like ticks, private satellite firms drain (or "suck") the resources ("blood") of state-owned entities.

Such practices are closely related to the processes of siphoning off of public resources. Some of those who engage in siphoning off state resources belong to

⁶ On this point, see the case of "Bancorex," a Romanian state-owned bank, famous for giving loans on grounds of political clientelistic ties; the bank went bankrupt as a result of its loan-granting policy.

⁷ The Hungarian government's decision to privatize the largest state firms with the help of foreign investors eventually limited the phenomenon of "recombinant property" (see Hanley, King, and Tóth 2002).

the the so-called type of part-time entrepreneurs. This type includes individuals who, besides their main job, (legally) run private businesses. In Romania, part-time entrepreneurs are also found among holders of public offices, who use their positions of power as a platform for increasing (illegally) their personal wealth (Stoica 2004, 251-52).

Yet, as I stressed previously, these corrupt practices have at their background and heavily depend on the de-bureaucratization of the post-communist state (Ganev 2009). The de-bureaucratization of the state implies that public institutions are “transgressed by social predators ... [and that] the civil service behaves as an uncoordinated multitude of self-interested agents pursuing immediate financial gratification” (ibid., 656). This de-bureaucratization process has been suggestively labeled “preying on the state” by Ganev (2007) in his excellent analysis of post-communist Bulgaria. In a similar vein, documenting Romania’s convoluted transition in the early 1990s, Verdery (1996) spoke of the “privatization of [state] power.” As Chelcea, Lăţea, and Mateescu (2004, 29) note, the privatization of power “does not refer to a complete overtake of state power by private actors but to the appropriation of discrete offices or organizations that apply different rules to different people.”

In a study on post-socialist entrepreneurship I personally conducted in Romania in the early 2000s, I also encountered numerous stories that fit the types of “de-bureaucratization of the state” (Ganev 2009) and “privatization of power” (Verdery 1996). Although rooted in personal interactions with Romanian bureaucrats, my respondents’ accounts of bureaucratic incompetence and corruption were confirmed by other sources. Let me illustrate this point by relying on Meyer, Drori, and Jang’s concept of “national administrative culture.” Their concept relies on a synthetic measure that reflects the degree of rationalization of the culture of administration in a particular country (Meyer et al. 2000, 8).⁸ For Romania, the factor score of administrative rationality in 1995 was -.02 (minus .02, that is) indicating: a high risk of expropriation, a great likelihood of repudiation of contracts, low bureaucratic quality (i.e., weak and non-expert bureaucracy), high corruption, and low level of a well-established law and order tradition. In contrast, the administrative rationality factor score in 1995 was .78 in Hungary, 1.11 in Poland, and .95 in the Czech Republic – which indicate a higher degree of administrative rationality.⁹ I also note that the Corruption Perception Index for the year 2000, which varies from 10 (highly clean) to 0 (highly corrupt), had a value of 2.9 in Romania, 5.2 in Hungary, and 4.1 in Poland (Transparency International 2000). More importantly, as Mateescu notes (2001, 390), until 1999 Romania did not have a law dealing

⁸ I thank John W. Meyer, Gili S. Drori, and Yong Suk Jang for allowing me to employ their panel data and measures on administrative rationality.

⁹ For sake of comparisons, the administrative rationality factor score varies from -2.78 (in Liberia) to +1.54 (in Denmark, Finland, Iceland, and Netherlands).

explicitly with corruption. The Penal Code contained provisions regarding only bribery and influence peddling, with no explicit mention of corruption.

Observing the mixture between local politics and business interests in Romania, Verdery (1996) suggested that this country might be transitioning not to capitalism but to a neo-feudal order. This neo-feudal order had at its center the so-called “local barons” – public (local) officials who have become incredibly rich by siphoning off state resources. Against this backdrop, political parties in Romania could be aptly described as a “formally institutionalized network of friends, relatives, and other associates who engage corporately in the electoral and legislative process.” (Verdery 1996, 193)

One would have hoped that free elections would result in a higher accountability of public officials. But despite some positive formal changes, the structures of post-socialist Romanian bureaucracy have also become, for want of another term, extremely “volatile.” This volatility is rooted in the practices of altering the composition of local governing bodies and other state agencies after every local and central election. There is a widespread perception that every newly elected public official brings to office not only photos of his family and friends but also the people themselves. Seemingly, every election is followed by top-down radical changes in the composition of local and/or central bureaucracies. This is partly so because, until 1999, Romania did not have a Civil Service Law stating clearly the obligations and rights of civil servants; such a law might have protected state bureaucrats from political pressures and fads (Mateescu 2001, 390).

Overall, between 2000 and 2004 corruption and predatory behaviors of public officials became rampant and Romania’s political regime exposed semi-authoritarian tendencies (Gross and Tismăneanu 2005) and neo-patrimonialist features (Sellin 2004).

In 2004, oppositional forces managed to mobilize their supporters and Adrian Năstase – the former Social Democrat Prime-Minister – was defeated in his bid for the Presidency by the Bucharest Mayor Traian Băsescu of the opposition “Justice and Truth Alliance” (“Alianța D.A.,” in Romanian). Subsequently, DA forged an alliance with two other parliamentary parties and formed the government. The newly elected government, which consists of a coalition of center-right political parties, seems to be extremely committed to implement radical legal and economic reforms, eradicate corruption, and make sure that Romania would join the European Union in January, 2007.

Romania did join the EU in 2007 but, due to several conflicts, President Băsescu’s Democratic Party (PD) was forced out of the government. Between 2007 and 2008, the government consisted mainly of members of the National Liberal Party (PNL), headed by the Prime-Minister Călin Popescu-Tăriceanu. Overall, the period from 2004 to 2008 was one of relative prosperity and economic growth. The center-right government coalitions passed a series of economic and tax reforms (i.e., the introduction of the flat tax) that aimed to en-

courage the private sector and foreign investors. Yet, much of the growth recorded during this period was based on credit, consumption, and the remittances sent home by the 2.5 million Romanians living abroad (in Spain and Italy, in particular).

The specter of the global financial crisis was ignored by Romanian politicians who were busy campaigning for the general elections (in 2008) and the presidential elections (in 2009). In 2008, President's Băsescu Democrat-Liberal Party (PD-L) won the relative majority and formed a coalition government with their arch-enemies, the Social Democrats. This alliance fell apart right before the presidential elections, when the PSD left the government. Traian Băsescu won narrowly a second term as President of Romania in 2009. He subsequently managed to form a new government coalition led by his party PD-L.

The major theme of Băsescu's and PD-L's campaigns was the fight against corruption. This topic became irrelevant at the beginning of 2010, when Romania faced economic collapse. To avoid it, the government and President Băsescu appealed to the International Monetary Fund and the European Union, from which Romania borrowed money under very strict conditions. Against this backdrop, in May 2010 the Romanian government adopted a series of harsh austerity measures: public-sector employees' wages were cut by 25%, some pensions were taxed, social benefits were reduced, the value added tax was increased from 19% to 24%, and thousands of state-sector employees were laid off. The economic crisis and the austerity measures also hit hard Romania's private sector and potential foreign investors.

During this time of economic hardship, old and presumably forgotten ills have resurfaced. Despite some important changes in the legal framework to combat corruption, the majority of Romanians became (again) dissatisfied with cronyism in state institutions and widespread corruption among politicians. Media accounts and reports of non-governmental organizations have revealed numerous shady (and quite outrageous) deals among central and/or local (elected) officials and politically-connected big-time entrepreneurs (or the so-called "smart guys"). Seemingly the magnitude of such practices has increased especially in relation to the accession of the EU's structural funds, which are meant to implement EU's cohesion policy and diminish income, wealth, infrastructural, and other regional disparities. In addition, private businesses have started again to denounce publicly the predatory, rent-seeking behaviors of public officials, which might be connected to the current crisis and recent wage cuts in the public-sector.

Based on my own observations and on interviews conducted recently with political insiders and private entrepreneurs, it seems that Romania's political capitalism has entered a new phase. If the period between 1990 and 2004 was marked by the phenomenon of power seeking wealth, since 2004 the dominant direction has been that of wealth seeking power. Local maverick businesspersons and other entrepreneurs now seek to enter politics to further increase their

wealth and benefit from various immunities. Ideology and moral standards seem to be irrelevant for recruiting new party members or candidates for various positions in the government. Instead, mainstream political parties seem to recruit and promote first and foremost individuals who can finance political machines and electoral campaigns, through kick-backs and various other schemes. In the words of Lucian Croitoru, an advisor to the Governor of Romania's Central Bank,

in Romania, cliques (which represent the post-1989 symbiosis between legislators and the new business elites) have captured our economy since December 1989. The current crisis in Romania is first and foremost an expression of governments' failure to implement capitalism [like in the West – my note] in this country.” (Croitoru 2012)

Coming from a close advisor of the Head of Romania's National Bank these words sound indeed chilling. At the same time these words hint at why, more than two decades after Ceaușescu was executed, by most economic and social indicators, Romania is one of the poorest countries in the EU.

6. Conclusion

From a more general standpoint, the so-called “market transition debate” itself is paradoxical because, as history teaches us, no revolutionary change has resulted in a *complete* and *radical* reshuffling of a society's social structure. Throughout history, former elites and/or their offspring have survived most revolutionary changes. Moreover, very few current mainstream academic journal would publish studies showing that, in the West, success in previous generations tends to produce success in subsequent generations. Yet, why have sociologists debated for so long about the outcomes of market transition? What has caused some scholars' outrage *vis a vis* the buoyancy of former communist politicians, their network resources, and the pathologies of the old?

First, scholars' interest in (and moral indignation regarding) the survival of former communist politicians originate in the fact that in Romania and other Eastern European countries, the communist order was imposed by the Soviet Union at the end of World War II. Thus, to the extent that the previous system was deemed illegitimate, the advantages that some individuals (e.g., top level communists and other former officials) still derive from it are also perceived as illegitimate and unjust.

Second, the market transition debate has also been generated by opposing sociological paradigms. For Marxist sociologists, the transition to a market economy would lead to dramatic increases in social inequality and would bring about many other ills they associate with contemporary capitalism. Scholars of neoliberal inspiration are less concerned with such effects and they might rightfully ask what difference it makes if the Romanian ex-cadres are at an advantage during transition. That is, who cares who is building capitalism as long as

it gets built? As historical evidence shows, there are multiple roads to such different forms of capitalism as “traditional commercial capitalism” and “political capitalism.” And, following Weber, not all of these forms can trigger the long term stable economic growth associated with Western rational capitalism. The latter phrase should not be interpreted as an over-idealization of current Western capitalism, which – as the current global crisis shows – has its own “sins” and limitations. Yet, for the protester cited at the beginning of this article and for many other Romanians, despite all its limitations, Western-like capitalism is definitely preferable to the current state of affairs in which the prevalent notion is that all individuals are out for themselves and everything – from public offices to public assets – is for sale.

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